

Q3 2018 INVESTMENT MARKET SNAPSHOT

Total Investment Sales (Q3 2018)

S\$ 7.1 billion

▼ 32.4% q-o-q



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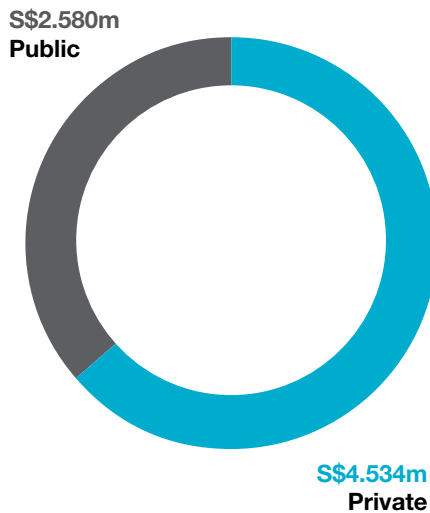
“The uncertain external environment makes Singapore real estate assets more appealing to foreign investors for wealth preservation and diversification purposes.”

TOTAL INVESTMENT SALES FELL BY 32.4% IN Q3 2018 AS DEVELOPERS BECAME MORE CAUTIOUS

The investment sales market slowed down significantly as residential investment sales fell by nearly 60.0% quarter-on-quarter (q-o-q) in Q3 2018.

- **Total investment sales in Q3 2018 fell sharply by 32.4% q-o-q to S\$7.1 billion**, with private investment sales accounting for S\$4.5 billion or 63.7% of the total investment sales in this quarter.
- Residential investment sales plummeted 59.1% q-o-q to S\$2.7 billion in Q3 2018, with fewer projects sold via collective sales. Only two collective deals were concluded in Q3; Casa Meyfort was sold to GuocoLand Limited for S\$319.9 million, which translated to a land rate of \$1,580 per square feet per plot ratio (psf ppr) after including an estimated development charge of S\$57.2 million, and Phoenix Heights was sold to OKP Holdings Limited for S\$33.1 million.

EXHIBIT 1

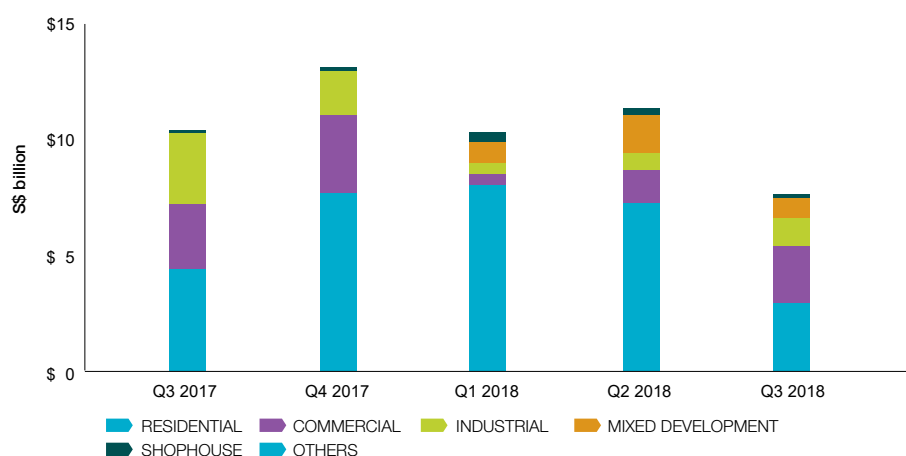
Total Investment sales, by public and private sale in Q3 2018


Source: URA (as at 16 October 2018), Knight Frank Research

- Notwithstanding, the developers were still considering sites that offer value. Far East Organization bought 27 residential units in the former AA Centre for S\$124.1 million (S\$2,574 per sq ft strata area). They had previously acquired the first six storey of the former AA Centre in 2013. Another notable residential deal is the sale of 17 properties along Woodsville Close and Meyappa Chettiar Road for RM\$180.1 million or approximately S\$60.3 million to Tiara Land Pte Ltd (an associate company of Selangor Dredging Berhad). The site could be developed in to mid-rise residential apartments.
- Several residential sites were awarded through the government land sales (GLS) programme in Q3 2018, of which the private residential site at Hillview Rise was awarded to Intrepid Investments Pte. Ltd. and Garden Estates (Pte) Limited, subsidiaries of Hong Leong Holdings and Hong Realty respectively, via a two-envelope tender system at S\$460.0 million or S\$1,067 psf ppr. The bids were submitted prior to the announcement of the latest cooling measures, and the land bids were more bullish.
- The number of bids for GLS land parcels was more measured after the implementation of the latest cooling measures, with five bids competed for the plot on Dairy Farm Road and three offers submitted for the land parcel at Jalan Jurong Kechil. The 153,223 sq ft Jalan Jurong Kechil residential site was awarded to a tie-up between China Construction (South Pacific) Development Co Pte Ltd and Jiak Kim Propco Sarl for S\$215.0 million (S\$1,002 psf ppr). The Dairy Farm land parcel was awarded to United Engineers' UED Residential for S\$368.8 million (S\$830 psf ppr).
- As the executive condominium (EC) market is less impacted by the cooling measures, developers remain active in bidding the EC sites. The EC site at Canberra Link drew nine bids, and was awarded to Hoi Hup Realty Pte Ltd and Sunway Developments Pte Ltd at S\$271.0 million or S\$558 psf ppr. Another EC site at Anchorvale Crescent drew seven bids, and was awarded to Evia Real Estate (8) Pte Ltd and Gamuda (Singapore) Pte Ltd at S\$318.9 million (S\$576 psf ppr), edging the second highest bid by only \$899.
- Total commercial investment sales amounted to S\$2.3 billion for Q3 2018, 67.3% higher than Q2 2018. The developers were recycling their capital with investments deals such as the sale of the office component of OUE Downtown to OUE Commercial Real Estate Investment trust for S\$908.0 million (S\$1,713 psf), and the sale of 70% of stake in Westgate from CapitaLand Limited to CapitaLand Mall Trust for S\$789.6 million (S\$2,746 psf).
- The stronger office rental outlook also encouraged more investment sales for office properties. Frasers Commercial Asset Management Ltd sold 55 Market Street to AEW for S\$216.8 million (\$3,020 per sq ft strata area), and a private real estate fund managed by Blackrock bought seven strata office units at Prudential Tower for \$130.0 million.
- Only one mixed-use development site was sold in Q3 2018. The joint venture between CapitaLand Limited and City Developments Limited was awarded the Sengkang Central site in a two-envelope Concept and Price revenue tender system with a winning bid of S\$777.8 million (\$924 psf ppr). Slated for completion in H1 2022, the integrated development will incorporate 700 residential units, retail amenities, a community club, a hawker centre as well as public transport facilities.
- The total value of the industrial properties transacted in Q3 was boosted by 64.5% q-o-q to S\$1.2 billion, after Mapletree Logistics Trust (MLT) acquired five modern, ramp-up warehouses from Hong Kong listed CWT International for S\$778.3 million. The acquisitions, which were on a sale-and-leaseback arrangement, will add about 3.2 million sq ft floor area MLT's existing portfolio.
- Ascott Residence Trust is set to build its first co-living property in Singapore after acquiring a land parcel at Napal Hill in the one-north precinct for S\$62.4 million. The facility, which sits on a 60-year leasehold site sold by JTC, is slated to open in 2021.

EXHIBIT 2

Total Investment Sales, by Property Sector



Source: URA (as at 16 October 2018), Knight Frank Research

To be considered as private investment sales under Knight Frank Research definition, it must fulfil either of the following pre-requisite:-

- Investment transactions should comprise an entire building or property with a total worth of S\$10 million and above; OR
- Any bulk sales within a development which amounts to S\$10 million or more

EXHIBIT 3

Top 5 Transactions in Q3 2018

Building	Site / Development	Sector	Price (S\$ mil)	Maximisable Gross Floor Area*	Estimated unit price (S\$ psf)	Buyer	Transaction Date
OUE Downtown		Office	908.0	Not applicable	1,713 psf	OUE Commercial REIT Management Pte. Ltd.	Sep 18
Westgate		Retail	789.6	Not applicable	2,746 psf	CapitaLand Mall Trust Limited	Aug 18
Portfolio of five logistics properties		Industrial	778.3	Not applicable	Not Available	Mapletree Logistics Trust Management Ltd	Jul 18
Sengkang Central		Residential & Commercial	777.8	840,012 sq ft	924 psf GFA	CapitaLand Limited and City Developments Limited	Aug 18

Source: Knight Frank Research

*The gross floor area does not include balcony bonus, and not considering possible height restriction and controls from traffic assessment study.

Market Outlook

- Moving forward, we expect residential investment sales via collective sales to slow due to the higher acquisition costs. Separately, the developers are likely to continue participating in GLS programme, with sites such as the Pasir Ris mixed use site and the EC site at Tampines expected to garner keen interest. The hotel site at Club Street in the GLS programme is also expected to attract much interest.
- While interest in commercial properties has been keen, the availability of these properties is limited and the improvement in leasing market is likely to push up prices.
- The macro market remains highly uncertain and the expected increase in interest rates is likely to impact on investor interest. Notwithstanding, the uncertainty makes Singapore's real estate assets more appealing given Singapore stable political economy.

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